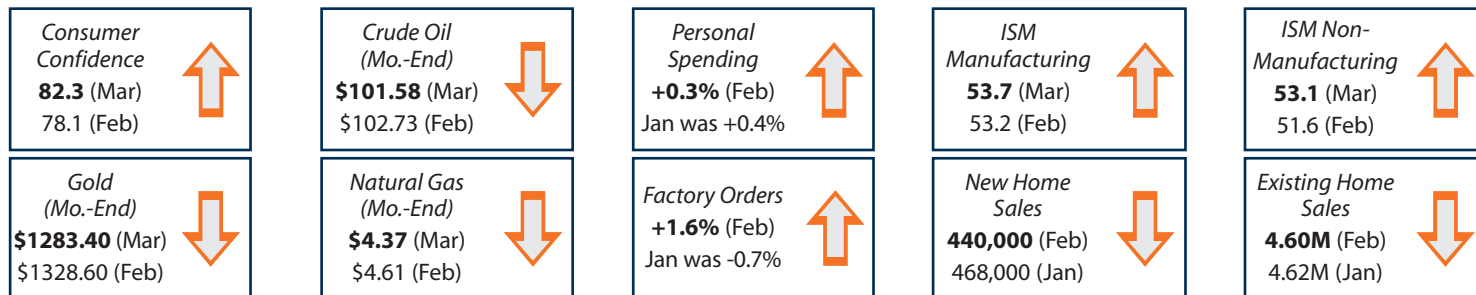


## The Economy

Nonfarm payrolls grew by 192,000 in March, slightly higher than the 190,380 monthly average over the previous 12 months. A new report from Liz Ann Sonders, chief investment strategist for Charles Schwab & Co., states that she believes corporations are on the cusp of boosting their capital spending, according to *Fortune*. Corporate capital expenditures currently stand at just over 12% of national output, down from around 13.5% of GDP in 2007. Sonders sees the following three reasons to be optimistic: CEO confidence levels are rising; the Philadelphia Fed survey and others show that companies plan to spend far more on capital expenditures in 2014 than in any of the past three years; and lending from banks to corporations is "surging."



## The Stock Market

Indices (Source: Bloomberg)	Mar	12-mo.	Eighty-one out of the 132 subsectors (61%) that comprise the S&P 500 posted a gain in March, down from 124 (94%) last month, according to S&P Dow Jones Indices. Telecommunication Services was the best performing sector, up 4.82%. In March, the dividend-payers (421) in the S&P 500 (equal weight) posted a total return of 1.26%, vs. -2.49% for the non-payers (79), according to Standard & Poor's. Year-to-date, the payers were up 2.54%, vs. a gain of 5.30% for the non-payers. For the 12-month period ended March 2014, payers were up 28.53%, vs. a gain of 36.48% for the non-payers. The number of dividend increases in March totaled 21, down from 22 a year ago. One company decreased their dividend in March. For the past five months, margin debt levels have been ascending to all-time highs, according to MarketWatch.com. While some pundits may interpret such high levels of margin debt as a signal that stocks are on the verge of topping out, Bespoke Investment Group says the data doesn't support that mindset. In those periods where margin debt has reached record highs for five or more months, the performance of the S&P 500 has been positive 91% of the time three months later (average gain of 4.0%), positive 64% of the time six months later (avg. gain of 5.3%) and positive 55% of the time 12 months later (avg. gain of 9.3%).
S&P 500	0.8%	21.9%	
DJIA	0.9%	15.6%	
NASDAQ 100	-2.7%	29.4%	
S&P 400	0.4%	21.2%	
Russell 2000	-0.7%	24.9%	
Russell 3000	0.5%	22.6%	
MSCI World (ex U.S.) (USD)	-0.5%	16.5%	
MSCI Emerging Markets (USD)	3.1%	-1.4%	
Growth/Value (Source: Bloomberg)	Mar	12-mo.	
S&P 500 Growth	-0.7%	23.1%	
S&P 500 Value	2.6%	20.5%	
S&P 400 Growth	-0.5%	20.9%	
S&P 400 Value	1.2%	21.5%	
Russell 2000 Growth	-2.5%	27.2%	
Russell 2000 Value	1.2%	22.6%	



## The Bond Market

Index (Source: Barclays)	Mar	12-mo.	Yield	The yield on the benchmark 10-Year T-Note rose 7 basis points to 2.72% in March. It was up 87 basis points from 3/13. While prices for high yield corporate and emerging market bonds rose in March, the remaining categories featured in the chart experienced price declines from 0.14% to 0.64%. Investors continue to have a healthy appetite for speculative-grade securities. The U.S. speculative-grade default rate stood at 1.6% in February, down from 1.9% in January, according to Moody's. The average has been 4.7% since 1983. Within the speculative-grade niche, floating-rate senior loans have been far more popular with investors than fixed-rate high yield corporate bonds. For the 12-mo. period ended 2/14, Bank Loan funds tracked by Morningstar reported net inflows totaling \$58.4 billion, compared to \$4.4 billion for High Yield Bond funds.
U.S. Treasury: Intermediate	-0.41%	-0.84%	1.17%	
GNMA 30 Year	-0.40%	-0.20%	3.20%	
Municipal Bond (22+)	0.86%	-0.82%	4.16%	
U.S. Aggregate	-0.17%	-0.10%	2.39%	
Intermediate Corporate	-0.15%	1.24%	2.43%	
U.S. Corporate High Yield	0.24%	7.54%	5.23%	
Global Aggregate	-0.07%	1.88%	1.97%	
EM Hard Currency Agg.	0.72%	1.63%	4.81%	

Key Rates as of March 31		Key Yield Spread		2014 Debt Issuance Through February		
		The spread between the Merrill Lynch U.S. High Yield Constrained Index and the 10-Yr. T-Note was 345 basis points on 3/31/14, down from 346 on 2/28/14. It was 460 on 3/31/13.		(Source: Thomson Reuters)		
Fed Funds	0-0.25%			<b>Debt Category</b>	<b>\$ Amount</b>	<b>% change over '13</b>
2-Yr. T-Note	0.42%			Treasury	\$378.3 Billion	+5.1%
10-Yr. T-Note	2.72%			Corporate	\$227.7 Billion	-11.7%
30-Yr. Mortgage	4.34%			Convertible	\$4.1 Billion	+10.5%
Bond Buyer 40	4.75%			Asset-Backed	\$33.6 Billion	+2.6%
(Source: Bloomberg)			(Source: Bloomberg)	Municipal	\$34.3 Billion	-33.6%

Equity funds reported net inflows totaling \$19.4 billion in 2/14, vs. \$23.9 billion (revised down) of net inflows in 1/14, according to the Investment Company Institute. Bond funds reported net inflows totaling \$7.7 billion, vs. \$1.2 billion of net inflows (revised up) in 1/14. Money Market fund net outflows totaled \$46.7 billion, vs. \$9.4 billion (revised down) of net outflows in 1/14. Y-T-D through February, equity funds reported net inflows totaling \$43.3 billion, vs. \$8.9 billion of net inflows for bond funds (municipals had net inflows totaling \$1.9B) and \$56.1 billion of net outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1878.04	03/07/14	676.53	03/09/09	1872.34	-0.30%	1.81%	1.94%
S&P 500 Growth	1019.91	03/06/14	363.99	03/09/09	1002.33	-1.72%	1.40%	1.58%
S&P 500 Value	860.39	03/31/14	307.16	03/09/09	860.39	0.00%	2.26%	2.35%
S&P 400	1389.21	03/04/14	404.62	03/09/09	1378.50	-0.77%	3.03%	1.41%
S&P 400 Growth	631.47	03/04/14	174.44	11/20/08	620.62	-1.72%	2.14%	0.97%
S&P 400 Value	481.58	03/18/14	144.98	03/09/09	481.45	-0.03%	3.97%	1.86%
S&P 100	828.23	03/31/14	322.13	03/09/09	828.23	0.00%	1.10%	2.12%
DJIA	16576.66	12/31/13	6547.05	03/09/09	16457.66	-0.72%	-0.15%	2.16%
NASDAQ 100	3727.19	03/05/14	1036.51	11/20/08	3595.74	-3.53%	0.42%	1.37%
Russell 2000	1208.65	03/04/14	343.26	03/09/09	1173.04	-2.95%	1.12%	1.35%
Russell 2000 Growth	725.38	03/04/14	190.73	03/09/09	690.47	-4.81%	0.49%	0.71%
Russell 2000 Value	1526.85	03/18/14	469.32	03/09/09	1510.64	-1.06%	1.78%	2.00%
Russell 3000	1131.93	03/07/14	389.61	03/09/09	1124.90	-0.62%	1.97%	1.83%
MSCI World x U.S. (USD)	5379.90	10/31/07	2131.84	03/09/09	5195.40	-3.43%	0.75%	3.18%
MSCI Emerging Markets (USD)	473.36	10/29/07	128.72	05/17/04	408.73	-13.65%	-0.43%	2.73%
Bovespa/Brazil (USD)	44638.24	05/19/08	5634.22	05/10/04	22283.82	-50.08%	1.32%	4.05%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	1226.10	-50.72%	-15.02%	4.14%
Bombay SE 500/India (USD)	226.04	01/07/08	39.16	05/17/04	138.51	-38.72%	9.69%	1.59%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	327.05	-59.64%	-6.42%	2.97%
KOSPI/South Korea (USD)	2.29	10/31/07	0.62	05/17/04	1.86	-18.65%	-2.13%	1.11%
Hang Seng (USD)	4082.25	10/30/07	1406.13	05/17/04	2855.70	-30.05%	-4.58%	3.47%
MSCI Euro (USD)	1988.53	10/31/07	680.91	03/09/09	1391.58	-30.02%	2.42%	3.18%
S&P Consumer Discretionary	534.16	03/06/14	125.72	03/09/09	513.36	-3.89%	-2.80%	1.40%
S&P Consumer Staples	446.03	11/15/13	199.80	03/09/09	441.92	-0.92%	0.51%	2.64%
S&P Energy	668.81	05/20/08	232.42	04/01/04	652.90	-2.38%	0.79%	2.18%
S&P Utilities	223.91	12/10/07	112.86	05/17/04	210.64	-5.93%	10.10%	3.73%
S&P Financials	509.55	02/20/07	81.74	03/06/09	301.06	-40.92%	2.61%	1.67%
S&P Banks	414.38	02/20/07	49.02	03/05/09	224.05	-45.93%	7.66%	1.59%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	548.87	-18.87%	8.52%	3.57%
S&P Health Care	694.53	03/04/14	252.84	03/05/09	677.01	-2.52%	5.81%	1.61%
S&P Pharmaceuticals	531.25	03/04/14	214.50	03/03/09	525.26	-1.13%	7.98%	2.51%
NYSE Arca Biotechnology	2946.23	02/25/14	447.78	08/09/04	2586.24	-12.22%	11.02%	0.15%
S&P Information Technology	600.71	03/20/14	198.51	11/20/08	596.36	-0.72%	2.28%	1.53%
Philadelphia Semiconductor	587.63	03/20/14	171.32	11/20/08	586.75	-0.15%	10.11%	1.61%
S&P Telecom Services	181.06	05/31/07	88.10	03/09/09	154.39	-14.73%	0.47%	4.97%
S&P Industrials	455.30	03/07/14	132.83	03/09/09	450.69	-1.01%	0.14%	1.96%
S&P Materials	302.26	03/06/14	108.33	03/02/09	298.35	-1.29%	2.86%	2.25%
Philadelphia Gold & Silver	228.95	04/08/11	64.36	10/27/08	91.20	-60.17%	8.71%	2.29%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	304.67	-35.66%	8.74%	N/A
Merrill Lynch Perpetual Preferred	197.97	05/08/13	51.79	03/09/09	195.84	-1.07%	6.80%	5.70%
Merrill Lynch High Yield Constrained	348.37	03/31/14	130.37	12/12/08	348.37	0.00%	2.99%	6.17%